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August 14, 2008

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AUG 15 2008

PUBLIC SERVICE
COMMISSION

VIA FEDERAL EXPRESS

Ms. Stephanie Stumbo
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

Re: South Central Telcom LLC, Complainant v. BellSouth
Telecommunications, Inc., Defendant
PSC 2006-00448

Dear Ms. Stumbo:

Enclosed for filing in the above-captioned case are the original and six (6) copies of BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky's Rebuttal Testimony of Patricia H. Pellerin.

Thank you for your attention to this matter.

Sincerely,


Mary K. Keyer
General Counsel/Kentucky

Enclosures

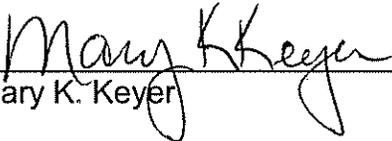
cc: Party of Record

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CERTIFICATE OF SERVICE FOR 2006-00448

It is hereby certified that a true and correct copy of the foregoing was served on the following individual by mailing a copy thereof on the 14th day of August, 2008.

John E. Selent
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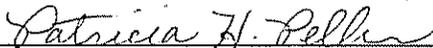


Mary K. Keyer

KENTUCKY PUBLIC SERVICE COMMISSION

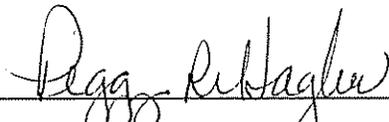
COUNTY OF NEW LONDON
STATE OF CONNECTICUT

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Patricia H. Pellerin, who being by me first duly sworn deposed and said that she is appearing as a witness on behalf of BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky before the Kentucky Public Service Commission in Docket Number 2006-00448, In the Matter South Central Telcom, LLC v. BellSouth Telecommunications, Inc., and if present before the Commission and duly sworn, her statements would be set forth in the annexed rebuttal testimony consisting of 11 pages and 0 exhibits.



Patricia H. Pellerin

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 11TH DAY OF AUGUST, 2008



Notary Public
PEGGY R. HAGLER
NOTARY PUBLIC
MY COMMISSION EXPIRES MAR. 31, 2009

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AT&T KENTUCKY
REBUTTAL TESTIMONY OF PATRICIA H. PELLERIN
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION
DOCKET NO. 2006-00448
AUGUST 15, 2008

Q. PLEASE STATE YOUR NAME.

A. My name is Patricia H. Pellerin.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed direct testimony on July 18, 2008.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. My rebuttal testimony responds to the direct testimony of South Central Telcom LLC ("South Central Telcom") witness Max Phipps ("Phipps Direct").

Q. WHAT IS THE CRUX OF SOUTH CENTRAL TELCOM'S CASE?

A. Based on Mr. Phipps' testimony, South Central Telcom's entire case rests on the hope that the Commission will accept South Central Telcom's unsupported generalization that AT&T Kentucky is delivering "switched access traffic" to South Central Telcom. As I explained in detail in my direct testimony, the Commission should not accept South Central Telcom's attempt to gloss over the facts.

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AT&T Kentucky does not deliver "switched access traffic" in the sense that South Central Telcom is trying to use the term. AT&T Kentucky is not an interexchange carrier ("IXC"). Rather, AT&T Kentucky is a local exchange carrier ("LEC") that delivers the following traffic to South Central Telcom:

- (a) AT&T Kentucky-originated intraLATA toll traffic, for which AT&T Kentucky will compensate South Central Telcom once an appropriate contract is executed;
- (b) Transit traffic, for which South Central Telcom needs to collect terminating compensation from the carriers originating the calls – not from AT&T Kentucky.

Q. WHAT WOULD BE THE RESULT OF THE COMMISSION ACCEPTING SOUTH CENTRAL TELCOM'S OVERBROAD GENERALIZATION FOR AT&T KENTUCKY-ORIGINATED TRAFFIC?

A. With respect to AT&T Kentucky-originated traffic, by accepting South Central Telcom's position the Commission would force AT&T Kentucky to operate under an inapplicable tariff. It would be the equivalent of the old adage of trying to fit a square peg into a round hole. As I explained at length in my direct testimony, while AT&T Kentucky is willing to pay South Central Telcom for terminating AT&T Kentucky-originated traffic, it needs an agreement that defines the traffic and pursuant to which payment can be made. South Central Telcom's tariff is not such an

1 agreement because, on its face, it does not address the type of traffic or
2 arrangement between AT&T Kentucky and South Central Telcom.

3

4 As evidenced by its Motion to Dismiss filed in this case, AT&T Kentucky
5 believes that Sections 251 and 252 of the Telecommunications Act of
6 1996 ("Act") set forth the mechanism by which incumbent LECs
7 ("ILECs") (such as AT&T Kentucky) and competitive LECs ("CLECs")
8 (such as South Central Telcom) enter into agreements. However, as I
9 have stated, AT&T Kentucky is willing to enter into a traffic exchange
10 agreement with South Central Telcom if it will resolve the dispute over
11 AT&T Kentucky-originated traffic.

12

13 Q. WHAT WOULD BE THE RESULT OF THE COMMISSION
14 ACCEPTING SOUTH CENTRAL TELCOM'S OVERBROAD
15 GENERALIZATION FOR TRANSIT TRAFFIC?

16 A. If the Commission accepts the overly broad "switched access traffic"
17 generalization, the Commission will (intentionally or unintentionally)
18 undermine the entire "cost causer pays" intercarrier compensation
19 scheme.

20

21 As I explained in my direct testimony (p. 10), AT&T Kentucky does not
22 originate the vast majority of the traffic it delivers to South Central
23 Telcom. Rather, AT&T Kentucky acts as the transit provider to carry
24 traffic from third party originating carriers to South Central Telcom when
25 the originating carriers and South Central Telcom (and presumably

1 South Central Rural, as South Central Telcom's underlying network
2 provider) have no direct facilities connecting them to one another.
3 Again, as I indicated in my direct testimony (p. 7), AT&T Kentucky
4 routes the traffic to South Central Telcom based on information South
5 Central Telcom populates in the Local Exchange Routing Guide
6 ("LERG").

7

8 The originating carriers pay AT&T Kentucky a transiting fee (which does
9 not include call termination). These carriers should also pay South
10 Central Telcom a terminating fee. South Central Telcom can bill the
11 originating carriers for call termination based on the records provided by
12 AT&T Kentucky to South Central Telcom.

13

14 Q. IN YOUR OPINION, WHAT IS SOUTH CENTRAL TELCOM'S GOAL IN
15 THIS PROCEEDING?

16 A. Based on South Central Telcom's continued attempts to gloss over the
17 transit issue, I believe South Central Telcom is attempting to get the
18 Commission (without explicitly so asking) to relieve it of its obligation to
19 collect terminating compensation from the carriers originating calls in a
20 transit traffic situation and have AT&T Kentucky pay for traffic that is
21 not, and should not be, AT&T Kentucky's responsibility.

22

23 Ironically, even South Central Telcom concedes that AT&T Kentucky is
24 not responsible for intercarrier compensation for transit traffic (whether
25 reciprocal compensation for local traffic or access compensation for toll

1 traffic), as evidenced by its claims that it does not seek payment from
2 AT&T Kentucky for cellular wireless ("CMRS") originated traffic.¹
3 Presumably, South Central Telcom has an arrangement with the CMRS
4 providers pursuant to which the CMRS carriers and South Central
5 Telcom terminate each other's customers' calls. Such arrangements
6 may or may not include reciprocal payment of compensation, but in any
7 event, South Central Telcom represents that it is not seeking
8 compensation from AT&T Kentucky (as the transit provider) for CMRS
9 originated traffic. There is no difference between how South Central
10 Telcom does business with CMRS carriers that transit traffic through
11 AT&T Kentucky and how it should do business with independent
12 telephone companies ("ICOs") and CLECs that also transit traffic
13 through AT&T Kentucky.

14

15 Q. IS MR. PHIPPS CORRECT IN HIS ASSERTION THAT THE ONLY
16 TYPE OF TRAFFIC AT&T KENTUCKY DELIVERS TO SOUTH
17 CENTRAL TELCOM IS "SWITCHED ACCESS TRAFFIC"? (PHIPPS
18 DIRECT, P. 3, LINES 20-21)

19 A. No. AT&T Kentucky is not a customer of South Central Telcom's
20 tariffed switched access service, so it is inaccurate to state that AT&T
21 Kentucky's traffic is "switched access traffic." As I explained in my
22 direct testimony (pp. 11-12), only 2% of the traffic AT&T Kentucky
23 delivers to South Central Telcom is originated by AT&T Kentucky's

¹ South Central Telcom responses to AT&T Kentucky's Data Request No. 7 and Supplemental Data Request No. 12.

1 subscribers, which AT&T Kentucky agrees is toll traffic. An additional
2 9% originates from CLEC (resale and Wholesale Local Platform) end
3 users served by AT&T Kentucky's switch as well as non-meet point
4 billed ("NMBP") CMRS transit traffic.² The remaining 89% of the traffic
5 is originated by other carriers (*i.e.*, transit traffic from CMRS, CLECs,
6 and ICOs), and it is the originating carriers that bear the responsibility
7 for compensating South Central Telcom to complete their customers'
8 traffic. Moreover, much of that traffic is intra-MTA (Metropolitan Trading
9 Area) wireless traffic and, as such, is not subject to switched access
10 charges in any event. Whether third party traffic (for which AT&T
11 Kentucky provides only the transiting function) is "switched access
12 traffic" is to be determined between South Central Telcom and these
13 third party carriers – not AT&T Kentucky.

14

15 Q. MR. PHIPPS CLAIMS THAT AT&T KENTUCKY IS SEEKING "A
16 SWITCHED ACCESS RATE LOWER THAN WHAT IS CONTAINED"
17 IN SOUTH CENTRAL TELCOM'S TARIFF (PHIPPS DIRECT, P. 4,
18 LINES 4-7) AND THAT "AT&T SEEKS TO LEVERAGE ITS IMMENSE
19 MARKET PRESENCE" TO OBTAIN LOWER TERMINATING ACCESS
20 RATES. (PHIPPS DIRECT, P. 5, LINES 5-7). IS THAT CORRECT?

21 A. Absolutely not. In the last agreement AT&T Kentucky sent to South
22 Central Telcom, AT&T Kentucky offered to compensate South Central
23 Telcom for AT&T Kentucky-originated traffic at rates commensurate

² Although AT&T Kentucky does not originate this traffic, AT&T Kentucky is willing to negotiate with South Central Telcom regarding compensation for exchange of this traffic.

1 with South Central Telcom's terminating switched access rates.
2 Additionally, as I have previously explained above (p. 2) and in my
3 direct testimony (p. 11), AT&T Kentucky is willing to pay terminating
4 compensation for AT&T Kentucky-originated traffic, and AT&T Kentucky
5 is willing to negotiate rates commensurate with South Central Telcom's
6 terminating switched access rates as part of a comprehensive traffic
7 exchange agreement. To make such payment, however, the parties
8 must have a contract between them. South Central Telcom's tariff, as I
9 have explained, is not applicable and thus cannot serve as the contract
10 between the parties. AT&T Kentucky believes that a Section 251
11 interconnection agreement is the appropriate vehicle, but stands ready
12 to enter into a non-251 agreement to resolve the issue and, in fact, will
13 pay for AT&T-Kentucky-originated traffic at a rate equivalent to the tariff
14 rate if an agreement can be executed.

15
16 With respect to transit traffic, AT&T Kentucky is performing a function
17 the Commission has obligated it to perform. As I explained in my direct
18 testimony (p. 20), the Commission has held (in the context of an
19 arbitration proceeding) that AT&T Kentucky is obligated to carry transit
20 traffic on behalf of other carriers. AT&T Kentucky, however, is not
21 required to pay terminating access for third party transit calls. Rather,
22 South Central Telcom may collect terminating compensation from the
23 carriers originating the calls.

24

1 Q. IS MR. PHIPPS CORRECT THAT AN INTERCONNECTON
2 AGREEMENT WOULD "IMPOSE ADDITIONAL NETWORK
3 DEPLOYMENT REQUIREMENTS" ON SOUTH CENTRAL TELCOM?
4 (PHIPPS DIRECT, P. 4, LINES 7-9).

5 A. No. As I explained in my direct testimony (pp. 20-21), carriers route
6 traffic to South Central Telcom based on information South Central
7 Telcom populates in the LERG. The LERG currently directs carriers to
8 route traffic destined for South Central Telcom's assigned telephone
9 numbers via South Central Rural Cooperative Corp., Inc. ("South
10 Central Rural"). Until and unless South Central Telcom changes its
11 LERG routing designations, there will be no change to its network
12 deployment with respect to terminating traffic.

13

14 Q. MR. PHIPPS STATES THAT AT&T KENTUCKY DOES NOT DISPUTE
15 THE ACCURACY OF SOUTH CENTRAL TELCOM'S ACCESS BILLS.
16 (PHIPPS DIRECT, P. 4, LINE 4). DO YOU AGREE?

17 A. No. AT&T Kentucky does not agree that South Central Telcom's
18 access bills are correct. First, as I stated in my direct testimony (p. 14),
19 AT&T Kentucky is not a customer of South Central Telcom's access
20 tariff. AT&T Kentucky agrees that it owes South Central Telcom
21 terminating compensation for AT&T Kentucky originated traffic, but
22 disputes that it should be billed under the South Central Telcom tariff for
23 the reasons I have discussed.

24

1 Second, AT&T Kentucky is not obligated to compensate South Central
2 Telcom for transit calls originated by third party carriers, such as other
3 CLECs, ICOs or wireless carriers. Rather, South Central Telcom is
4 responsible for billing the carriers originating the transit calls, and can
5 do so using the information provided to it by AT&T Kentucky. South
6 Central Telcom's access bills to AT&T Kentucky improperly include
7 charges for other carriers' traffic.

8
9 Third, while South Central Telcom has represented that it has removed
10 all CMRS-originated traffic from its bills to AT&T Kentucky³ (as it should
11 also do for ICO- and CLEC-originated traffic), and it appears South
12 Central Telcom is deducting some usage prior to creating its bills, AT&T
13 Kentucky cannot confirm the accuracy of that representation because
14 South Central Telcom's invoices are not itemized with respect to the
15 traffic type(s) billed.

16
17 Q. MR. PHIPPS CONCLUDES THAT BECAUSE AT&T KENTUCKY
18 DID NOT AVAIL ITSELF OF THE SECTION 252 ARBITRATION
19 PROCESS, THAT CONSTITUTES ACKNOWLEDGEMENT THAT
20 ITS REQUEST FOR AN INTERCONNECTION AGREEMENT IS
21 UNFOUNDED. (PHIPPS DIRECT, P. 5, LINES 22-23). HOW DO
22 YOU RESPOND?

³ South Central Telcom responses to AT&T Kentucky's Data Request No. 7 and Supplemental Data Request No. 12.

1 A. While AT&T Kentucky could have sought to arbitrate an
2 interconnection agreement pursuant to Section 252 of the Act, it
3 was hopeful that the parties could reach agreement without
4 engaging in arbitration. In fact, AT&T Kentucky tried to engage
5 South Central Telcom on numerous occasions to negotiate an
6 agreement. Moreover, AT&T Kentucky has stated its willingness to
7 negotiate a traffic exchange agreement outside of the Section
8 251/252 arbitration process to resolve the parties' dispute. Further,
9 that AT&T Kentucky did not file a petition for arbitration of an
10 interconnection agreement does not in any manner direct that
11 South Central Telcom's switched access tariff is applicable by
12 default.

13

14 Q. HOW SHOULD THE COMMISSION RESOLVE THIS CASE?

15 A. Contrary to Mr. Phipps' recommendation, the Commission should
16 not grant South Central Telcom the relief it seeks. Rather, the
17 Commission should (1) order the parties to execute an agreement
18 addressing the definition of and compensation for AT&T Kentucky-
19 originated traffic; and (2) order South Central Telcom to seek
20 terminating compensation for transit traffic from the originating
21 carriers and not from AT&T Kentucky. In the alternative, the
22 Commission should (1) order the parties to execute an agreement
23 addressing the definition of and compensation for AT&T Kentucky-
24 originated traffic; and (2) open a generic docket to address
25 intercarrier compensation for transit traffic generally.

1

2 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

3 A. Yes.

4